

Exhibit 4

Transcription

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1 UNITED STATES DISTRICT COURT

2 SOUTHERN DISTRICT OF NEW YORK

3 -----x

4 SECURITIES AND EXCHANGE COMMISSION,

5 Plaintiff,

6 vs.

7 FABRICE TOURRE,

8 Defendant.

9 10-CV-3229 (BSJ) (MHD)

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12 TELEPHONE CONVERSATION BETWEEN

13 GAIL KREITMAN AND LUCAS WESTREICH

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1 MR. WESTREICH: This is Luke.

2 MS. KREITMAN: Hey, it's Gail. How are
3 you?

4 MR. WESTREICH: Good.

5 MS. KREITMAN: I just sent you a deal that
6 is denoted with the "H" on it. It's G707H1. That's
7 indicative of a high LTV transaction.

8 MR. WESTREICH: Yes.

9 MS. KREITMAN: 100 percent LTV. Very large
10 enhancement, but obviously high LTV. One thing I would
11 take note of is that there's no loans in the
12 transaction that have a FICA below 600.

13 MR. WESTREICH: Uh-huh.

14 Who is the collateral from?

15 MS. KREITMAN: The collateral is from, I
16 think I want to say, First Decision. It was from a
17 part of Household.

18 MR. WESTREICH: Decision One?

19 MS. KREITMAN: Ah, look at you. Decision
20 One.

21 MR. WESTREICH: Yes.

22 MS. KREITMAN: What do you think of them?

1 MR. WESTREICH: I met them down at EBS
2 East. They have their plusses and minusses.

3 They're 100 percent of this deal?

4 MS. KREITMAN: No. And I'm going to tell
5 you the second one, but I had to actually look it up to
6 remind myself who they were.

7 (Pause.)

8 MS. KREITMAN: I did find Laura. I did
9 speak to her from the airport.

10 MR. WESTREICH: Okay. What were you guys
11 talking about?

12 MS. KREITMAN: We're working on something
13 potentially that could happen. We're not there yet,
14 but we're getting close --

15 MR. WESTREICH: Uh-huh.

16 MS. KREITMAN: -- where you'd be managing a
17 pool where we're placing 100 percent of the equity.

18 MR. WESTREICH: Interesting.

19 MS. KREITMAN: We're very busy here.

20 MR. WESTREICH: Yeah, here too.

21 MS. KREITMAN: On different ideas. We've
22 got to get into your -- I know we're doing PLO, but I

1 want to do other things with you.

2 MR. WESTREICH: Yeah.

3 MS. KREITMAN: My job really is to elevate
4 it. This is why I'm involved, and get you into that
5 status, which there are some things that we do that are
6 different from other people, where we can deliver
7 buyers, and we're obviously comfortable taking a lot
8 more risk than some of our competitors.

9 So we think you're a top-tier manager.
10 This was our -- we presented only three managers to
11 this investor and it's only the top of the bunch.

12 MR. WESTREICH: Is it confidential who it
13 is at this point?

14 MS. KREITMAN: I think so. Laura knows,
15 but I'm not sure how she's handling it.

16 MR. WESTREICH: Okay. Oh, all right.

17 MS. KREITMAN: You want me to tell you?
18 I'll tell you. I'm happy to tell you.

19 MR. WESTREICH: Yeah, sure.

20 MS. KREITMAN: Okay. Don't say I said
21 anything.

22 MR. WESTREICH: Yeah.

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1 MS. KREITMAN: Paulson. You know them?

2 MR. WESTREICH: No.

3 MS. KREITMAN: They're a multi-strategy
4 fund, very, very large, that does not focus in the
5 credit part of the curve typically. They're more in
6 high yield, you know, corporate stuff, things that are
7 away from mortgages. This is their first foray into
8 it, and they'd managed around that equity potentially
9 by doing other things within (inaudible). But they're
10 just first getting started here.

11 We have a longstanding relationship with
12 them, so they're only doing this with us, and they only
13 asked to meet three people.

14 MR. WESTREICH: So they would be looking at
15 what part of the capital structure?

16 MS. KREITMAN: Oh, 100 equity.

17 MR. WESTREICH: Yeah. No, but I mean --

18 MS. KREITMAN: Mez.

19 MR. WESTREICH: Mez, yeah.

20 MS. KREITMAN: Mez portfolio, synthetics.

21 MR. WESTREICH: Yes, that's what I would
22 guess.

1 MS. KREITMAN: We've been going back and
2 forth on names and performance, and then of course
3 synthetics. Downgrade risk is what we've been going
4 through. So we did some analysis for you guys on that,
5 which I just sent and she liked, and so now we're
6 taking the next step, which is agreement on portfolio.

7 I had given you guys a portfolio and we
8 found 79 games that we'll mattress for you guys, so
9 it's only a matter of getting you to 100. But then
10 it's a timing issue on the ability to market, because
11 they're kind of ready to go.

12 MR. WESTREICH: Right, right.

13 MS. KREITMAN: You have some restrictions
14 and we're dealing with that now.

15 MR. WESTREICH: Right. I was going to say,
16 that's what I was getting at when I said we're busy,
17 too.

18 MS. KREITMAN: Yeah. It's like I have a
19 deadline and you have a deadline and we're trying to
20 see if we can make that work.

21 MR. WESTREICH: Yeah.

22 MS. KREITMAN: It's important that we work

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1 with the right manager.

2 MR. WESTREICH: Right. Well, good. We're

3 --

4 MS. KREITMAN: (In an aside, to a person in
5 her presence): Tell him I'm on with Luke and that I'll
6 get right back.

7 MR. WESTREICH: Laura's the right person to
8 talk to.

9 MS. KREITMAN: Right. It's just a matter
10 of all that, because then it gets into a legal issue
11 and all that other stuff. So you know, no point in
12 involving you guys in the portfolio selection, but my
13 guess is she's going to be coming to you guys for
14 portfolio selection next.

15 MR. WESTREICH: Right.

16 MS. KREITMAN: (Laughs.)

17 MR. WESTREICH: No problem.

18 MS. KREITMAN: Being totally honest, right.

19 MR. WESTREICH: Yes.

20 MS. KREITMAN: That's when I thought -- you
21 know what? I don't know if I'm going whacko. I'm
22 looking -- I'm still so used to the Lehman layout, I

1 can't find where they list the originators. I happen
2 to know one because I asked. I know they're the
3 biggest one, but I thought there were two, and now I'm
4 looking to find it and I'm going whacko and, don't
5 laugh at me, but I don't see it in here.

6 MR. WESTREICH: Well, don't worry. We can
7 get started on it. Like I said, it's not a product
8 that we stay away from. We just need to make sure that
9 we're comfortable with the credit enhancement.

10 MS. KREITMAN: Oh, absolutely. It's
11 chunky, but again what's chunky when it's 100 percent
12 LTV, right?

13 MR. WESTREICH: Right.

14 MS. KREITMAN: You know, define "chunky" to
15 me?

16 MR. WESTREICH: I don't know. It's
17 interesting, because isn't everything 100 LTV, you
18 know?

19 MS. KREITMAN: Well, in the end, right.

20 MR. WESTREICH: At least here you know it.

21 MS. KREITMAN: And you're getting at least
22 a credit enhancement for it, right?

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1 MR. WESTREICH: Yes. So I'll make sure
2 that these guys see it.

3 MS. KREITMAN: All right. And I'm going to
4 get you that answer.

5 MR. WESTREICH: Okay.

6 MS. KREITMAN: Sure.

7 MR. WESTREICH: Thanks, Gail.

8 (End of telephone conversation.)

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Certificate of Transcriber

I, Mark Egan, hereby certify that I am the transcriber who transcribed the audio recording provided to Alderson Reporting Company to the best of my ability and reduced to typewriting the indicated portions of the provided audio in this matter.

Mark T. Egan